

**BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION OF NEWFIELD PRODUCTION COMPANY FOR AN ORDER MODIFYING THE BOARD'S ORDERS ENTERED IN CAUSE NOS. 139-103 AND 139-110 TO ALLOW UP TO EIGHT (8) LONG LATERAL HORIZONTAL WELLS ON EACH SPECIAL PILOT 1280-ACRE DRILLING UNIT ESTABLISHED THEREUNDER FOR THE PRODUCTION OF OIL, GAS AND ASSOCIATED HYDROCARBONS FROM THE UPPER WASATCH FORMATION, COMPRISED OF SECTIONS 3 AND 10, AND 15 AND 22, RESPECTIVELY, T3S, R2W, USM, AND SECTIONS 3 AND 10, 6 AND 7, AND 15 AND 22, RESPECTIVELY, T3S, R3W, USM, DUCHESNE COUNTY, UTAH

NOTICE OF HEARING

Docket No. 2014-018
Cause No. 139-117

THE STATE OF UTAH TO ALL PERSONS INTERESTED IN ABOVE ENTITLED MATTER.

Notice is hereby given that the Board of Oil, Gas and Mining ("Board"), State of Utah, will conduct a hearing on **WEDNESDAY, MAY 28, 2014, at 9:00 AM**, or as soon thereafter as possible, in the auditorium of the Department of Natural Resources, 1594 West North Temple, Salt Lake City, Utah.

The hearing will be conducted as a formal administrative adjudication in accordance with the rules of the Board as set forth in Utah Administrative Code R641 et seq. and as provided for in Utah Code Ann. § 40-6-1 et seq. and Utah Code Ann. § 63G-4-101 through 601.

The purpose of the hearing will be for the Board to receive testimony and evidence regarding a Request for Agency Action that the Board enter an Order:

1. Modifying the Board's Orders entered on May 9, 2013 in Cause No. 139-103 (the "139-103 Order") and on November 26, 2013 in Cause No. 139-110 (the "139-110 Order") to allow up to eight (8) long lateral horizontal wells on each special pilot 1,280-acre (or substantial equivalent combination of lots and quarter-quarter sections) drilling units established thereunder

for the production of oil, gas and hydrocarbons from the Upper Wasatch formation defined as follows:

the base of the Uteland Butte Member of the Lower Green River formation to the top of the Wasatch Red Beds, being the stratigraphic equivalent of the interval from 8,765 feet to 9,967 feet MD as identified in the Dual Induction Log run on March 7, 1972 in the JW Accawinna # 1 Well located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 13, T3S, R3W, USM,

(the "Subject Formation) comprised of lands located in Sections 3 and 10, and 15 and 22 of T3S, R2W, USM, and Sections 3 and 10, 6 and 7, and 15 and 22, respectively, T3S, R3W, USM, in Duchesne County, Utah (collectively the "Subject Lands");

2. Providing that no producing interval of the authorized horizontal lateral may be located closer than 660 feet to the boundaries of said special drilling unit, and no closer than 660 feet laterally when closer than 200 feet vertically to another horizontal lateral within the special drilling unit, without obtaining an exception location approval in accordance with Utah Admin. Code Rule R649-3-3. With respect to horizontally stacked laterals within the special drilling unit, there shall be no inter-well setback distance laterally required provided the stacked horizontal laterals are located at least 200 feet or greater apart in vertical distance;

3. Providing that within a reasonable time after analysis of the pilot program results, but in any event, not more than one year after entry of the Order, Newfield (or its successor operator) shall report back to the Board on the available results of the program. This reporting requirement may be met by filing a written report with the Division and Board and may require an oral report at the discretion of the Board. In addition to addressing any aspects of the pilot program results the operator deems relevant, the written report should address:

- i) the appropriateness of the size of the 1,280-acre drilling units specified herein;
- ii) the appropriateness of the definition of the spaced interval set forth herein, whether information obtained through development has better defined the productive interval drained by the horizontal wells authorized in this Order, and whether a more limited description of the produced interval would lead to clarity should future infill horizontal wells be allowed either vertically or horizontally from the wells authorized herein;
- iii) the appropriateness of the eight-well in-fill authorization specified herein;
- iv) the appropriateness of the drilling unit boundary setbacks specified herein, as affected by fracture distances and orientation and observed drainage behavior (including the drainage distance beyond the terminus of the fractures);

- v) the appropriateness of the inter-well distances specified herein in terms of both maximizing production and preserving the option of future secondary or tertiary recovery operations;
- vi) information concerning how the appropriate surface and subsurface authorizations were obtained from neighboring owners for any surface location situated outside of the drilling units (including the self-certification information submitted to the Division);
- vii) any input Newfield (or its successor operator) may have concerning how the Board's operating rules as they pertain to horizontal wells might be updated and improved; and
- viii) any additional input Newfield (or its successor operator) may have concerning the prevention of waste, maximization of production and the protection of correlative rights in connection with horizontal drilling matters so that future Board orders and Division oversight might be enhanced, expedited and made more efficient.

4. Providing that the surface location of any authorized horizontal well not only may be anywhere upon the special drilling unit, but may also be located off the special drilling unit presuming proper surface and sub-surface authorization for such a location has been obtained from the owners and the well will be cased and cemented to the 660-foot drilling unit setback within the special drilling unit as set forth in (2) above, both to be evidenced and satisfied by a self-certification to such effect executed by the operator of the special drilling unit and filed with the Division, and the other setbacks for the wells set forth in (2) above are maintained;

5. Confirming in all other respects that the 139-103 and 139-110 Orders remain in full force and effect; and

6. Providing for such other and further relief as may be just and equitable under the circumstances.

Objections to the Request for Agency Action must be filed with the Secretary of the Board at the address listed below no later than the 10th day of the month, or two weeks before the scheduled hearing, whichever is earlier. A party must file a timely written objection or other response in order to participate as a party at the Board hearing. Failure to participate can result in a default judgment.

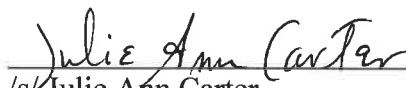
Natural persons may appear and represent themselves before the Board. All other representation by parties before the Board will be by attorneys licensed to practice law in the State of Utah, or attorneys licensed to practice law in another jurisdiction which meet the rules of the Utah State Bar for practicing law before the Utah Courts.

Persons interested in this matter may participate pursuant to the procedural rules of the Board. The Notice of Agency Action, and any subsequent pleadings, may be inspected at the office of the undersigned, and inspected online at the Utah Board of Oil, Gas and Mining's website at <http://ogm.utah.gov/amr/boardtemp/redesign/books.html>.

Pursuant to the Americans with Disabilities Act, persons requiring auxiliary communicative aids and services to enable them to participate in this hearing should call Julie Ann Carter at (801) 538-5277, at least three working days prior to the hearing date.

DATED this 30th day of April, 2014.

STATE OF UTAH
BOARD OF OIL, GAS AND MINING
Ruland J. Gill, Jr., Chairman


/s/ Julie Ann Carter
Board Secretary
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116
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CERTIFICATE OF PUBLISHED NOTICE

I hereby certify that I caused a true and correct copy of the foregoing NOTICE OF HEARING for Docket No. 2014-018 Cause No. 139-117 to be PUBLISHED in the following newspapers on the following days:

May 4, 2014:

The Salt Lake Tribune and Deseret Morning News, newspapers of general circulation in Salt Lake City and County.

May 6, 2014:

Uintah Basin Standard, a newspaper of general circulation in Duchesne and Uintah Counties.

A handwritten signature in cursive script, reading "Julie Ann Carter", is written over a horizontal line.

CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing **NOTICE OF HEARING** for Docket No. 2014-018, Cause No. 139-117, to be mailed with postage prepaid, via E-mail or First Class Mail, this 1st day of May, 2014, to the following:

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A handwritten signature in cursive script, reading "Julie Ann Carter", is written over a horizontal line.